

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1860 – HB 1884

February 8, 2018

SUMMARY OF BILL: Requires a locksmith apprentice who holds a valid certificate of registration for four or more years to apply for licensure as a locksmith with the Tennessee Locksmith Licensing Program (LLP). Reduces continuing education requirements for locksmiths from 12 hours to 2 hours dedicated to life safety.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Net Impact –

\$400/FY18-19/Tennessee Locksmith Licensing Program

\$300/FY19-20/Tennessee Locksmith Licensing Program

Exceeds \$300/FY20-21 and Subsequent Years/

Tennessee Locksmith Licensing Program

Other Fiscal Impact – The Private Protective Services Board experienced a surplus of \$127,347 in FY15-16, a surplus of \$364,787 in FY16-17, and had a cumulative reserve balance of \$2,205,387 on June 30, 2017

Assumptions:

- Based on information provided by the Department of Commerce and Insurance (DCI), a locksmith apprentice certificate is required of anyone who works for a locksmith and is around locksmith equipment.
- Due to this requirement, many individuals who only perform administrative or clerical duties are currently certified as a locksmith apprentice.
- Pursuant to Tenn. Code Ann. § 62-11-111(a)(6), applicants for a locksmith license must pass an examination approved by the Commissioner of the DCI. The exam is administered by a private company who retains all exam fee revenue. The fee for this examination is \$175.
- A biennial locksmith apprentice certificate is \$100. The additional fee to upgrade from a locksmith apprentice to a locksmith license is \$25, for a total license cost of \$125.
- There are 59 actively certified locksmith apprentices that would be required to upgrade to a locksmith license in FY18-19.
- Of those 59 certified apprentices, it is estimated that 75 percent or 44 (59 x 75.0%) will upgrade.

- The decrease in state revenue to the LLP associated with the license upgrade in FY18-19 is estimated to be \$400 [(59 x \$100 fee) – (44 x \$125 fee)].
- There are 45 certified locksmith apprentices that would be required to upgrade to a locksmith license in FY19-20.
- Of those 45 certified apprentices, it is estimated that 75 percent or 34 (45 x 75.0%) will upgrade.
- The decrease in state revenue to the LLP associated with the license upgrade in FY19-20 is estimated to be \$250 [(45 x \$100 fee) – (34 x \$125 fee)].
- The decrease in state revenue to the LLP is estimated to exceed \$250 in FY20-21 and subsequent years as the losses will accumulate due to the fact that both locksmith apprentice certificates and locksmith licenses are renewed on a biennial basis. Such decrease in revenue to the LLP will begin to level off in FY22-23.
- The LLP can promulgate any necessary rules during regularly-scheduled Board meetings at no additional cost. There will not be a significant decrease in expenditures to the LLP associated with the phase out of the locksmith apprentice program.
- The LLP is a part of the Private Protective Services Program (PPS).
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The PPS experienced a surplus of \$127,347 in FY15-16, a surplus of \$364,787 in FY16-17, and had a cumulative reserve balance of \$2,205,387 on June 30, 2017.

IMPACT TO COMMERCE:

Other Commerce Impact – The net impact on commerce and jobs in Tennessee cannot be reasonably determined because such impacts are dependent upon unknown factors.

Assumptions:

- Companies that provide continuing education courses will experience a decrease in business revenue that is equal to the decrease in business expenditures for locksmiths who will no longer have to pay for as many continuing education fees.
- Private companies administering locksmith license examinations will realize an increase in business revenue, equal to the increase in business expenditures for locksmith apprentices who will upgrade to a locksmith license.
- It is assumed that 25 percent of locksmith apprentices will not seek to upgrade to a locksmith license as required by this legislation. The net impact on such individuals cannot be quantified with reasonable certainty as they will not incur costs associated with locksmith apprenticeship certificate renewals but will not be allowed to retain their jobs in the industry.
- Any net impact on commerce cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/vlh